



Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

Conditional Approval #789
March 2007

February 23, 2007

Mr. Michael R. Miller
Spokesperson
1100 Spartan Avenue
Maumee, OH 43560

Re: Application to establish a national bank entitled Waterford Bank, National Association,
Toledo, Ohio.
Application Control No. 2006-CE-01-0005

Dear Mr. Miller:

This letter is in response to the above referenced application. Based on a thorough evaluation of all information available to the OCC, including the representations and commitments made in the application and by the Bank's representatives, today I grant preliminary conditional approval of the application to establish as a national bank, Waterford Bank, National Association (the Bank).

This preliminary conditional approval is granted with the understanding that the Bank will apply for Federal Reserve membership and will obtain deposit insurance from the Federal Deposit Insurance Corporation (FDIC). In addition, my preliminary conditional approval is conditioned upon the following:

1. The Bank: (i) shall give the Columbus Field Office at least sixty (60) days prior written notice of the Bank's intent to significantly deviate or change from its business plan or operations¹ and (ii) shall obtain the OCC's written determination of no objection before the Bank engages in any significant deviation or change from its business plan or operations. The OCC may impose additional conditions it deems appropriate in a written determination of no objection to a bank's notice. For the first three years of operation, the Bank also must provide a copy of such written notice to the FDIC's Columbus Field Office).
2. Bank shall maintain a minimum leverage ratio of 11% (hereafter referred to as minimum leverage ratio) at all time during the first three years. If the Bank fails to maintain the minimum leverage ratio, the Bank shall be deemed "undercapitalized," for purposes of 12 USC 1831o and 12 CFR 6, and the OCC shall have the authority to take any action authorized under all provisions of 12 USC 1831o and 12 CFR 6 applicable to an undercapitalized national bank. For purposes of 12 USC 1831o(e)(5), an action "necessary to carry out the purpose of this section" shall include restoration of the Bank's capital so that it is not "undercapitalized," and any other action deemed advisable by the OCC to address the Bank's capital deficiency or the safety and soundness of its operations.

¹ If such deviation is the subject of an application filed with the OCC, no separate notice to the supervisory office is required.

Mr. Michael R. Miller
CAIS No. 2006-CE-01-0005
February 23, 2007

I have granted preliminary conditional approval only. Final approval and authorization for the Bank to open will not be granted until all preopening requirements are met. Until final approval is granted, the OCC has the right to alter, suspend, or revoke this preliminary conditional approval should the OCC deem any interim development to warrant such action.

These conditions of approval are conditions "imposed in writing by the agency in connection with the granting of any application or other request" within the meaning of 12 USC 1818. As such, the conditions are enforceable under 12 USC 1818.

The Bank's initial paid-in capital, net of all organizational and pre-opening expenses, shall be no less than \$ 24.3 million. The manner in which capital is raised must not deviate from that described in the business plan without prior written OCC notification. If the capital for the Bank is not raised within 12 months or if the Bank is not opened for business within 18 months from the preliminary conditional approval date, this approval expires. The OCC is opposed to granting extensions, except under the most extenuating circumstances and when the OCC determines that the delay is beyond the applicant's control. The organizers are expected to proceed diligently, consistent with their application, for the Bank to open for business as soon as possible.

The OCC poses no objection to the following person(s) serving as executive officer(s), directors, and/or organizers as proposed in the application:

<u>Name</u>	<u>Title</u>
Michael R. Miller	Chairman and Chief Executive Officer
Michael White	President and Chief Operating Officer
Lawrence C. Boyer	Executive Vice President and Senior Lending Officer
Deborah G. Beyer	Chief Financial Officer
Rinold W. Burkhardt III	Senior Vice President and Chief Information Officer
Salvatore Gianino	Director
Patrick Hylant	Director
Mark Ridenour	Director
Marc Stockwell	Director
Steven Swigart	Director

Prior to the Bank's opening, the Bank must obtain the OCC's prior written determination of no objection for any additional organizers or executive officers, or directors appointed or elected before the person assumes the position. For a two-year period after the Bank commences business, the Bank must file an Interagency Biographical and Financial Report with the OCC and receive a letter of no objection from the OCC prior to any new executive officer or director assuming such position.

Background checks requested by the OCC have not been received yet from the IRS for Messrs. Boyer and Gianino and the FBI for Mr. Miller. Accordingly, the continued service of these individuals will be dependent on satisfactory completion of the background investigation process.

Mr. Michael R. Miller
CAIS No. 2006-CE-01-0005
February 23, 2007

The "Charters" booklet in the *Comptroller's Licensing Manual* provides guidance for organizing your bank. The booklet is located at the OCC's web site: <http://www.occ.treas.gov/corpbook/group4/public/pdf/charters.pdf>. The booklet contains all of the steps you must take to receive your charter.

As detailed in the booklet, you may establish the corporate existence of and begin organizing the Bank as soon as you adopt and forward Articles of Association and the Organization Certificate to Ms. Carolina Ledesma in the Central District Licensing office for our review and acceptance. As a "body corporate" or legal entity, you may begin taking those steps necessary for obtaining final approval. The Bank may not begin the business of until it fulfills all requirements for a bank in organization and the OCC grants final approval.

Enclosed are standard requirements and minimum policies and procedures for new national banks. The Bank must meet the standard requirements before it is allowed to commence business and the Board of Directors must ensure that the applicable policies and procedures are established and adopted before the Bank begins operation.

In addition to the standard requirements for all new national banks, the following special requirements must be satisfied prior to the Bank's request for a pre-opening examination and before the OCC will grant final charter approval:

1. The Organizers must develop and adhere to a comprehensive plan acceptable to the supervisory office showing how the Bank will address its projected loan concentrations. For purposes of this requirement, a concentration is defined as any segment of the balance sheet that comprises 25% or greater of Tier 1 Capital plus the Allowance for Loan and Lease Losses. This plan must include risk management systems and controls, and capital levels appropriate to the risks associations with these concentrations.

2. The Bank must submit to the Columbus Field Office for review, and prior written determination of non supervisory objection, a complete description of the Bank's final information systems and operations architecture as well as the information systems risk assessment and management plan. This should include a schematic drawing and discussion of the following items:

Vendor due diligence and contracts; electronic banking security mechanisms and policies; information systems personnel; internal controls; audit plans; and operating policies and procedures, including, but not limited to, vendor management, weblinking, customer authentication and verification, and business resumption contingency plans.

3. The Bank must have performed an independent security review and test of its electronic banking platform. The Bank must have this review performed regardless of whether the platform is operated in-house or by one or more third-party service providers. If the Bank outsources the technology platform, it can rely on testing performed for the service provider to the extent that it satisfies the scope and requirements listed herein. The review must be conducted by an objective, qualified independent source (Reviewer). The scope should cover:

- All access points, including the Internet, Intranet, or remote access.
- The adequacy of physical and logical protection against unauthorized access including individual penetration attempts, computer viruses, denial of service, and other forms of electronic access.

Mr. Michael R. Miller
CAIS No. 2006-CE-01-0005
February 23, 2007

- By written report, the Reviewer must confirm that the security measures, including the firewall, have been satisfactorily implemented and tested. For additional guidance, refer to the *FFIEC IT Examination E-Banking Handbook*, pages 26-30, Information Security Program. The booklet is located at the FFIEC's Web site:
http://www.ffiec.gov/ffiecinfobase/booklets/e_banking/e_banking.pdf.

4. The Bank must have a security program in place that complies with the "Interagency Guidelines Establishing Standards for Safeguarding Customer Information" specified at 12 CFR 30, Appendix B.

Under separate cover, the OCC will send to you an appropriate set of OCC handbooks, manuals, issuances, and selected other publications. This information does not include the *Comptroller's Licensing Manual*, which is available only in electronic form at our Web site:
<http://www.occ.treas.gov/corpapps/corpapplic.htm>.

This preliminary conditional approval and the activities and communications by OCC employees in connection with the filing do not constitute a contract, express or implied, or any other obligation binding upon the OCC, the United States, any agency or entity of the United States, or any officer or employee of the United States, and do not affect the ability of the OCC to exercise its supervisory, regulatory and examination authorities under applicable law and regulations. The foregoing may not be waived or modified by any employee or agent of the OCC or the United States.

Please direct any questions concerning this preliminary conditional approval to Ms. Carolina Ledesma, Senior Licensing Analyst at 312-360-8881.

Sincerely,

/s/

Lawrence E. Beard
Deputy Comptroller
Licensing Department

Enclosures: Standard Requirements
Minimum Policies and Procedures